

THE FALL OF THE HOUSE OF SA'UD

Robert Baer, *The Atlantic*

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Americans have long considered Saudi Arabia the one constant in the Arab Middle East—a source of cheap oil, political stability, and lucrative business relationships. But the country is run by an increasingly dysfunctional royal family that has been funding militant Islamic movements abroad in an attempt to protect itself from them at home. A former CIA operative argues, in an article drawn from his new book, **Sleeping With the Devil**, that today's Saudi Arabia can't last much longer—and the social and economic fallout of its demise could be calamitous

In the decades after World War II the United States and the rest of the industrialized world developed a deep and irrevocable dependence on oil from Saudi Arabia, the world's largest and most important producer. But by the mid-1980s—with the Iran-Iraq war raging, and the OPEC oil embargo a recent and traumatic memory—the supply, which had until that embargo been taken for granted, suddenly seemed at risk. Disaster planners in and out of government began to ask uncomfortable questions. What points of the Saudi oil infrastructure were most vulnerable to terrorist attack? And by what means? What sorts of disruption to the flow of oil, short-term and long-term, could be expected? These were critical concerns. Underlying them all was the fear that a major attack on the Saudi system could cause the global economy to collapse.

The Saudi system seemed—and still seems—frighteningly vulnerable to attack. Although Saudi Arabia has more than eighty active oil and natural-gas fields, and more than a thousand working wells, half its proven oil reserves are contained in only eight fields—including Ghawar, the world's largest onshore oil field, and Safaniya, the world's largest offshore oil field. Various confidential scenarios have suggested that if terrorists were simultaneously to hit only a few sensitive points "downstream" in the oil system from these eight fields—points that control more than 10,000 miles of pipe, both onshore and offshore, in which oil moves from wells to refineries and from refineries to ports, within the kingdom and without—they could effectively put the Saudis out of the oil business for about two years. And it just would not be that hard to do.

The most vulnerable point and the most spectacular target in the Saudi oil system is the Abqaiq complex—the world's largest oil-processing facility, which sits about twenty-four miles inland from the northern end of the Gulf of Bahrain. All petroleum originating in the south is pumped to Abqaiq for processing. For the first two months after a moderate to severe attack on Abqaiq, production there would slow from an average of 6.8 million barrels a day to one million barrels, a loss equivalent to one third of America's daily consumption of crude oil. For seven months following the attack, daily production would remain as much as four million barrels below normal—a reduction roughly equal to what *all* of the OPEC partners were able to effect during their 1973 embargo.

Oil is pumped from Abqaiq to loading terminals at Ras Tanura and Ju'aymah, both on Saudi Arabia's east coast. Ras Tanura moves only slightly more oil than Ju'aymah does

(4.5 million barrels per day as opposed to 4.3 million barrels), but it offers a greater variety of targets and more avenues of attack. Nearly all of Ras Tanura's export oil is handled by an offshore facility known as The Sea Island, and the facility's Platform No. 4 handles half of that. A commando attack on Platform 4 by surface boat or even by a Kilo-class submarine—available in the global arms bazaar—would be devastating. Such an attack would also be easy, as was made abundantly clear in 2000 by the attack on the USS *Cole*, carried out with lethal effectiveness by suicide bombers piloting nothing more than a Zodiac loaded with plastic explosives.

Another point of vulnerability is Pump Station No. 1, the station closest to Abqaiq, which sends oil uphill, into the Aramah Mountains, so that it can begin its long journey across the peninsula to the Red Sea port of Yanbu. If Pump No. 1 were taken out, the 900,000 barrels of Arabian light and superlight crude that are pumped daily to Yanbu would suddenly stop arriving, and Yanbu would be out of business.

Even the short pipe run from Abqaiq to the Gulf terminals at Ju'aymah and Ras Tanura is not without opportunity. If heavy damage were inflicted on the Qatif Junction manifold complex, which directs the flow of oil for all of eastern Saudi Arabia, the flow would be stopped for months. The pipes that connect the terminals and processing facilities can be replaced off the shelf, but those at Qatif require custom fabrication.

Promoters of Alaskan, Mexican Gulf, Caspian, and Siberian oil all like to point out that the United States has been weaning itself from Saudi Arabian oil, for protection against the effects of just such an attack on the Saudi oil system. Saudi Arabia may sit on 25 percent of the world's known oil reserves, they argue, but it provides somewhere around 18 percent of the crude oil consumed by the United States—and that is down from 28 percent in only a decade. What these people fail to mention is that Saudi Arabia has the world's only important surplus production capacity—two million barrels a day. This keeps the world market liquid. Not only that, but because the Saudis more or less determine the price of oil globally by deciding how much oil to produce, even countries that don't buy Saudi oil would be vulnerable if the flow of that oil were disrupted.

The Saudis have repeatedly used their surplus production capacity to stabilize the international oil market. They used it to break the OPEC embargo (but not before they had enriched themselves by tens of billions of dollars), in 1974. They used it again during the protracted Iran-Iraq war, to keep oil flowing to the industrialized West. They used it during the Gulf War, in 1990—1991; with help from a couple of other Gulf states, they produced an extra five million barrels a day, making up for the loss of Iraqi and Kuwaiti oil.

And they used it again on September 12, 2001. Less than twenty-four hours after the attacks on the World Trade Center and the Pentagon, the Saudis decided to send nine million barrels of oil to the United States over the next two weeks. The result was that the United States experienced only a slight inflation spike in the wake of the most devastating terrorist attack in history. Had that same surplus capacity been taken out of play with twenty pounds of Semtex, all bets would have been off. The U.S. Strategic

Petroleum Reserve can support the domestic market for only about seventy days. And if Saudi Arabia's contribution to the world's oil supply were cut off, crude petroleum could quite realistically rise from around \$40 a barrel today to as much as \$150 a barrel. It wouldn't take long for other economic and social calamities to follow.

Americans have long considered Saudi Arabia the one constant in the Arab Middle East. The Saudis banked our oil under their sand, and losing Saudi Arabia would be like losing the Federal Reserve. Even if the Saudi rulers one day did turn anti-American, the argument went, they would never stop pumping oil, because that would mean cutting their own throats. This, at any rate, is the way we looked at the matter before fifteen Saudis and four other terrorists launched their suicide attacks on September 11; before Osama bin Laden suddenly became for the Arab world the most popular Saudi in history; before *USA Today* reported last summer that nearly four out of five hits on a clandestine al Qaeda Web site came from inside Saudi Arabia; and before a recent report commissioned by the UN Security Council indicated that Saudi Arabia has transferred \$500 million to al Qaeda over the past decade.

Five extended families in the Middle East own about 60 percent of the world's oil. The Saud family, which rules Saudi Arabia, controls more than a third of that amount. This is the fulcrum on which the global economy teeters, and the House of Saud knows what the West is only beginning to learn: that it presides over a kingdom dangerously at war with itself. In the air in Riyadh and Jidda is the conviction that oil money has corrupted the ruling family beyond redemption, even as the general population has grown and gotten poorer; that the country's leaders have failed to protect fellow Muslims in Palestine and elsewhere; and that the House of Saud has let Islam be humiliated—that, in short, the country needs a radical "purification."

We can try to wish this away all we want. But the reality is getting harder and harder to ignore. Per capita income in Saudi Arabia fell from \$28,600 in 1981 to \$6,800 in 2001. The country's birth rate has soared, becoming one of the highest in the world. Its police force is corrupt, and the rule of law is a sham. Saudi Arabia almost certainly leads the world in public beheadings, the venue for which is often a Riyadh plaza popularly known as Chop-Chop Square. Illegal arms routinely flow into and out of the country. Taking into account its murky "off-budget" defense spending, Saudi Arabia may spend more per capita on defense than any other country in the world (some estimates put the figure at 50 percent of its total revenues), and the House of Saud believes this is necessary for its personal protection. The regime is threatened by increasingly hostile neighbors—and by determined enemies within the country's borders. Popular preachers all over Saudi Arabia call openly for a *jihad* against the West—a designation that clearly includes the royal family itself—in terms as vitriolic as anything heard in Iran at the height of the Islamic revolution there. The kingdom's mosque schools have become a breeding ground for militant Islam. Recent attacks in Bali, Bosnia, Chechnya, Kenya, and the United States, not to mention those against U.S. military personnel within Saudi Arabia, all point back to these schools—and to the House of Saud itself, which, terrified at the prospect of a militant uprising against it, shovels protection money at the fundamentalists and tries to divert their attention abroad.

Recent examples of Saudi support for the fundamentalists abound. In 1997 a high-ranking member of the royal family coordinated a \$100 million aid package for the Taliban. In Los Angeles two of the 9/11 hijackers met with a Saudi working for a company contracted to the Ministry of Defense. A raid on the Hamburg apartment of a suspected accomplice of the hijackers turned up the business card of a Saudi diplomat attached to the religious-affairs section of the embassy in Berlin. Most of the more than 650 al Qaeda prisoners being held at the Guantánamo Bay Naval Base in Cuba—"the worst of the worst," according to Secretary of Defense Donald Rumsfeld—are rumored to be Saudis.

I served for twenty-one years with the CIA's Directorate of Operations in the Middle East, and during all my years there I accepted on faith my government's easy assumption that the money the House of Saud was dumping into weaponry and national security meant that the family's armed forces and bodyguards could keep its members—and their oil—safe. "The royal family is like the fingers of a hand," my colleagues at the State Department liked to say. "Threaten it, and they become a fist." I no longer believe this. Saudi Arabia is more and more a breathtakingly irrational state. For a surprising number of Saudis, including some members of the royal family, taking the kingdom's oil off the world market—even for years, and at the risk of destroying their own economy—is an acceptable alternative to the status quo.

Saudi Arabia has existed as a formal nation only since 1932, when the tribal leader Abdul Aziz ibn Saud gained control of much of the Arabian Peninsula, named the territory after his clan, and proclaimed himself king. But the House of Saud had been powerful in the region ever since the eighteenth century, when the radical cleric Muhammad ibn Abdul Wahhab, the founder of the puritanical Wahhabi movement, wandered into Dar'iya, near present-day Riyadh, and made a bargain with its ruler, Muhammad ibn Saud. The Saud family would provide the generals, and the Wahhabis would provide the foot soldiers. Until recently it was a marriage made in heaven.

If I had to pick a single moment when the House of Saud truly began to fall apart, it would be when Abdul Aziz ibn Saud's son Fahd, who has been king since 1982, suffered a near fatal stroke, in 1995. As soon as the royal family heard about Fahd's stroke, it went on high alert. From all over Riyadh came the *thump-thump* of helicopters and the sirens of convoys converging on the hospital where Fahd had been taken.

Among the first to arrive were Jawhara al-Ibrahim, Fahd's fourth and favorite wife, and their spoiled, megalomaniac twenty-nine-year-old son Abdul Aziz—or "Azouzi" ("Dearie"), as Fahd called him. Anyone who knew how Fahd's court ran knew the extent to which Fahd had come to depend on Jawhara, who helped him with everything from remembering his medicine to handling intricate problems of foreign policy. If a prince wanted a matter immediately brought to Fahd's attention, he called Jawhara. As for Abdul Aziz, he was the youngest of Fahd's children and the apple of his father's eye. Fahd indulged him in everything. Stories circulated widely about Abdul Aziz's riding a Harley-Davidson inside his father's palace, chasing servants and smashing furniture. Most of the royal family found the king's indulgence strange. Abdul Aziz was pimplly, craven, a bit

slow. Apparently, though, he was regarded as the king's good-luck charm. Fahd's favorite soothsayer had once told him that as long as Abdul Aziz was by his side, the king would have a long, fulfilling life. So Fahd did not complain when Abdul Aziz spent \$4.6 billion on a sprawling palace and theme park outside Riyadh, because Abdul Aziz was "interested" in history. The property includes a scale model of old Mecca, with actors attending mosque and chanting prayers twenty-four hours a day, and also replicas of the Alhambra, Medina, and half a dozen other Islamic landmarks.

Next to arrive at the hospital, in a great show of solidarity, were Fahd's full brothers—Sultan, the Defense Minister; Nayef, the Interior Minister; and Salman, the governor of Riyadh province. To outsiders, they were a tight bunch. Their mother, from the Sudayri clan, had taught them from an early age to stick together or risk being elbowed out by the forty-odd other children of their father.

Other princes—the children and grandchildren of Ibn Saud's children—hurried to the hospital too, from all over the kingdom and the rest of the world. Private executive jets were lined up wing to wing at Riyadh's airport. These princes couldn't get anywhere near Fahd, but by being close at hand they could pick up more-reliable news and, just as important, demonstrate their fealty. Most of them lived off his largesse—royal stipends, which ran from \$800 to \$270,000 a month. The princes knew they were breaking the treasury—all told, their brethren numbered 10,000 to 12,000. Would Crown Prince Abdullah—Fahd's half brother, a seventy-one-year-old reformer who was next in line for the throne—cut back on their stipends, or even eliminate them if Fahd died? They had to stick around to find out.

At this point Fahd's brothers were calling doctors in the United States and Europe. They wanted to know not whether Fahd would ever recover his mental capacities, or what kind of life he would be able to live, but what it would take to keep his heart beating and his body warm. Money, of course, wasn't a problem. They told the doctors they were prepared to lease as many Boeing 747 cargo jets as needed to bring in mobile hospitals and medical teams. The doctors couldn't understand the reasoning behind the questions—but only because they didn't understand the politics of the kingdom. What the family knew and the doctors didn't was that Crown Prince Abdullah had long been eager to take power. The only way to keep him at bay was to keep Fahd alive—God willing, until Abdullah died.

Abdullah had always been the odd prince out. To begin with, his mother was from the Rashid tribe, traditional enemies of the Saud. Ibn Saud had married her to cement a truce with the Rashid, and although the Rashid were now loyal subjects, Abdullah was still mistrusted by Fahd's full brothers. Almost alone among the top members of the royal family, Abdullah had chosen the way of the desert, turning his back on the luxuries of Riyadh, Jidda, and Ta'if. He never vacationed lavishly in Europe, unlike King Fahd and his entourage, who typically spent \$5 million a day during visits to the palace at Marbella, on the Spanish Riviera. Abdullah preferred to spend his time in a tent, drinking camel's milk and eating dates. He interspersed his conversation with Bedouin aphorisms and turns of phrase. All his children were raised according to the customs of the desert. It

is Abdullah who has recently called publicly for democratic reforms, the reining in of the conservative clergy, and military disengagement from the United States.

The royal family hated being reminded that they had abandoned their Bedouin roots, but they hated still more that Abdullah was trying to cut back royal corruption and entitlements. Among the senior members of the family, the lesser princes had fantastic financial expectations, and their stipends didn't suffice. The third-generation princes were getting only about \$19,000 a month—a fraction of what they needed for the lifestyles they sought. To keep even a modest yacht on the French Riviera requires a million dollars a year. What were they supposed to do? In order to make ends meet they had been getting into nastier and nastier business, taking bribes from construction firms (mostly the bin Laden family's) seeking government contracts, getting involved in arms deals, expropriating property from commoners, and selling Saudi visas to guest workers. Another trick they'd discovered was borrowing money from private banks and simply refusing to pay it back. It wasn't as if the larger family could somehow discipline or shame them. There were so many princes that they didn't even all know one another.

Abdullah had made no secret of his intention to put an end to the thievery when he became king—and for a while it looked as if he might get his way even before becoming king. In the mid-1990s, as Saudi Arabia was facing increasingly dire financial difficulties, he persuaded King Fahd to appoint a handful of reformist ministers. Abdullah first had them zero in on expropriations. The practice had become so widespread among the lesser princes that it was completely alienating Saudi Arabia's traditional merchant class and fledgling middle class. A prince might walk into a restaurant, see that it was doing well, and write out a check to buy the place, usually well below market price. There was nothing the owner could do. He knew that if he resisted, he'd end up in jail on trumped-up charges.

The senior princes used their government positions to do the same thing, but on a much grander scale. One of them would pick out a valuable piece of property—maybe a particularly good location for a shopping mall or a new road—and then order a court to condemn it in the name of the state, which would clear the way for the king to award it to him. The money to be earned was staggering, and senior princes had started to rely on the practice to maintain their ever more bloated personal budgets. In Abdullah's view, however, crooked property deals and the like were only a small part of the problem. The off-budget deals were a much bigger part. In off-budget spending, revenue from oil sales goes directly to special accounts, bypassing the Saudi treasury altogether. The money is then used to pay for pet projects, from defense procurement to construction, with no government audits or accountability of any sort. Commissions and bribes are enormous.

As a reformer, Abdullah was kept out of the tight circle that gathered around Fahd after his stroke. Bitterness against Abdullah within the family was so deep that he was in fact blamed for the stroke. One version had it that Fahd and Abdullah had been on the telephone, arguing about who would attend a meeting of the Gulf Cooperation Council in Oman. It was a fundamentally unimportant decision, but relations between the two men had become so toxic, it was said, that Fahd's anger brought on the event. Another rumor

in circulation held that Fahd and Abdullah had been arguing about what they always argued about—looming financial collapse. There were even whispers that Abdullah had intentionally provoked Fahd, knowing his health wouldn't withstand a shouting match.

It eventually became clear that Fahd would live, but the extent of his impairment also became clear—embarrassingly so when, during a therapy session not long after the stroke, Fahd defecated in his pool, in front of his family. His mind was affected too. Those close to him knew that he would never truly rule again, though he is still led out for ceremonial appearances.

A year and a half after Fahd's stroke Sultan had come to so despise Abdullah that he stopped attending cabinet meetings chaired by him. For Abdullah, the feeling was mutual. In July of 1997 he simply bypassed the Council of Ministers, which was heavily stacked in favor of the Sudayri, and tried to get Fahd to sign off on decrees and laws he thought needed passing. Jawhara and Abdul Aziz teamed up to thwart him.

Mind you, it is not as if the rest of the Fahd clan is united. Sultan, Salman, and Nayef may have arrived at the hospital together in a show of solidarity, but they got a rude shock once they pushed through the front doors. Jawhara and Abdul Aziz blocked them from seeing their brother. The two had set up camp outside Fahd's hospital room and were deciding who and what would or would not get in. That included ministers, senior princes, and doctors, along with petitions, decrees, and everything else.

Saudi succession doesn't operate according to primogeniture. By tradition, senior princes come to a consensus on succession, usually choosing one from their ranks who is thought to have the necessary experience and wisdom. So far the system had served the royal family well, even though Abdullah had become a gadfly, but now Fahd's brothers were afraid that Abdul Aziz was trying to circumvent custom and place himself higher in the line of succession. For one thing, he had started getting more and more involved in national security, from foreign affairs to intelligence. Even the Americans noticed it. When the commander of U.S. forces in the Middle East, General J. H. Binford Peay, came to Riyadh to meet with Fahd, in July of 1997, he was surprised to find Abdul Aziz at Fahd's side, whispering in his father's ear. Where was Abdullah? What had become of Sultan? Peay had to meet with Abdullah separately, and even then Abdullah didn't talk about the issues at hand.

What really worried some members of his family was that Abdul Aziz was funding radical Wahhabi causes and was gaining strength and popularity as a result. They had little doubt that money was going to clerics and causes that were associated with Osama bin Laden. Abdul Aziz hadn't rediscovered his faith, of course: he was courting favor with the Wahhabis because he knew he would need their support to become king. In September of 1997 he helped to coordinate that \$100 million aid package for the Taliban, even though the Taliban were protecting bin Laden—a man who not only had vowed to overthrow the House of Saud but also seemed increasingly capable of doing so. Abdul Aziz was buying support wherever he could find it. In December of 1993 Abdul Aziz authorized \$100,000 for a Kansas City mosque. On September 15, 1995, he opened the

King Fahd Academy, in Bonn, and two days later he dedicated a new mosque there. Nine days after that he invited the head of the Islamic Society of Spain, Mansur Abdul Salam, to Riyadh. In May of 1996 he and Jawhara arranged for King Fahd to release Muhammad al Fasi from prison. Al Fasi had been imprisoned for opposing the Gulf War and the presence of U.S. troops in Saudi Arabia; in other words, he shared some of bin Laden's chief grievances. In December of 1999 the press finally caught wind of Abdul Aziz's penchant for backing radical Islamic causes. One regional account made available by U.S. translation services noted that he was believed to have been funding an associate of bin Laden's, Sa'd al Burayk, who in turn was giving the money to Islamic groups dedicated to killing Russian soldiers and civilians in Chechnya. Nayef promised to put a stop to Abdul Aziz and bring his charity back under control—but he appears to have done nothing.

All the while, throughout the 1990s, the royal family kept growing and growing. A prince might sire forty to seventy children during a lifetime of healthy copulation; however, the resources to support the growing population of the entitled were shrinking, not just in relative terms but in absolute ones. Young royals were pushing up from below, chafing at leaders who were slipping into their late seventies and eighties. The incapacitated King Fahd will turn eighty this year; Crown Prince Abdullah will turn seventy-nine. Many of the most active court intriguers are also in their seventies.

The House of Saud currently has some 30,000 members. The number will be 60,000 in a generation, maybe much higher. According to reliable sources, anecdotal evidence, and the Saudi gossip machine, the royal family is obsessed with gambling, alcohol, prostitution, and parties. And the commissions and other outlays to fund their vices are constant. What would the price of oil have to be in 2025 to support even the most basic privileges—for example, free air travel anywhere in the world on Saudia, the Saudi national airline—that the Saudi royals have come to enjoy? Once the family numbers 60,000, or 100,000, will there even be a spare seat for a mere commoner who wants to fly out of Riyadh or Jidda? Reformers among the royal family talk about cutting back the perks, but that's a hard package to sell.

Saudi Arabia operates the world's most advanced welfare state, a kind of anti-Marxian non-workers' paradise. Saudis get free health care and interest-free home and business loans. College education is free within the kingdom, and heavily subsidized for those who study abroad. In one of the world's driest spots water is almost free. Electricity, domestic air travel, gasoline, and telephone service are available at far below cost. Many of the kingdom's best and brightest—the most well-educated and, in theory, the best prepared for the work world—have little motivation to do any work at all.

About a quarter of Saudi Arabia's population, and more than a third of all residents aged fifteen to sixty-four, are foreign nationals, allowed into the kingdom to do the dirty work in the oil fields and to provide domestic help, but also to program the computers and manage the refineries. Seventy percent of all jobs in Saudi Arabia—and close to 90 percent of all private-sector jobs—are filled by foreigners.

Among men, at least, the Saudis have an admirably high literacy rate, especially for a place that only three generations back was inhabited mostly by nomadic tribesmen. About 85 percent of Saudi men aged fifteen and older can read and write, as opposed to less than 70 percent of Saudi women of the same age. But because in recent years the Saudi education system has been largely entrusted to Wahhabi fundamentalists, as a form of appeasement that many in the royal family hope will direct the fundamentalists' animus at foreign targets, its products are generally ill prepared to compete in a technological age or a global economy. Today two out of every three Ph.D.s earned in Saudi Arabia are in Islamic studies. Doctorates are only very rarely granted in computer sciences, engineering, and other worldly vocations. Younger Saudis are being educated to take part in a world that will exist only if the Wahhabi jihadists succeed in turning back the clock not just a few decades but a few centuries.

Then there's the demographic problem. Saudi Arabia has one of the highest birth rates in the world outside Africa—37.25 births for every 1,000 citizens last year, compared with 14.5 per 1,000 in the United States. Ninety-seven percent of all Saudis are sixty-four or younger, and half the population is under eighteen. The simple presence of so many people of working age, and especially so many just now ready to enter the work force, places enormous pressure on an economy—particularly one designed less to accommodate those who want to work than to provide sustenance for those who would rather contemplate original intent in the Koran. A middle class stabilizes society. Saudi Arabia's middle class is imploding.

The functioning of the world's most advanced welfare state is influenced overwhelmingly by fluctuations in the price of oil. In 1981, when the entire kingdom was in effect being put on the dole, oil was selling at nearly \$40 a barrel, and the annual per capita income was \$28,600. A decade later, just before Iraq invaded Kuwait, refiners were able to buy oil for about \$15 a barrel. The Gulf War sent prices back up to about \$36 a barrel before they quickly fell. Today a barrel of oil once again fetches around \$40, but twenty years' worth of inflation, combined with a population explosion, has brought per capita income down to below \$7,000. Because roughly 85 percent of Saudi Arabia's total revenues are oil-based, every dollar increase in the price of a barrel of oil means a gain of about \$3 billion to the Saudi treasury. In the early 1980s the kingdom boasted cash reserves on the order of \$120 billion; today the figure is estimated to be \$21 billion.

Given all these threatening forces, one might think that every map in official Washington would have a red flag sticking out of Riyadh, as a reminder that Saudi Arabia is on life support. The truth is quite the opposite. Before 9/11 the United States never issued an advisory indicating the obvious security problems for Americans traveling to Saudi Arabia. Dependents of U.S. citizens residing there were never advised to leave. According to official Washington, even today the country is stable: its government is in undisputed control of its borders; its police force and army are efficient and loyal; its people are well clothed, well fed, and well educated.

Consider the way the State Department has handled visas for Saudi nationals. Until 9/11, Saudis were not even required to appear at the U.S. embassy in Riyadh or the consulate in

Jidda for a visa interview. Under a system called Visa Express a Saudi had only to send his passport, an application, and the application fee to a travel agent. The Saudi travel agent, in other words, stood in for the U.S. government. Just about any Saudi who had the money could book a flight to New York after a mere twenty-hour wait. Until recently Saudis were exempt from the new anti-terrorism entry regulations that apply to citizens of other Middle Eastern countries, despite the fact that most of the 9/11 terrorists were Saudis.

"The Saudi Arabian Government, at all levels, continued to reaffirm its commitment to combating terrorism," the State Department's 1999 report *Patterns of Global Terrorism* soberly asserted. The report went on to state, "The Government of Saudi Arabia continued to investigate the bombing in June 1996 of the Khobar Towers." This was false; Prince Nayef, Saudi Arabia's grim Interior Minister, had been stalling the investigation for years. Nayef told the kingdom's other senior princes that he was reluctant to help the United States with the Khobar investigation. In one heated meeting Nayef ignored Defense Minister Sultan when Sultan warned that stonewalling the FBI would end up causing a rift with the United States. To make his point Nayef went out of his way to avoid meeting the FBI's director, Louis Freeh, when Freeh showed up in Saudi Arabia to see what he could do to get the Khobar investigation going. Nayef put himself out of reach—on his yacht, anchored off the coast near Jidda, in the Red Sea—and turned the chore over to two low-ranking officials in the internal-security service, neither of whom knew anything about the Khobar investigation.

Even after the 1998 attacks on the U.S. embassies in Kenya and Tanzania, which were organized by Osama bin Laden from his bases in Afghanistan, the Saudi royals continued to aid the Taliban and its main supporter in the region, Pakistan. This was hardly a secret: in July of 2000 *Petroleum Intelligence Weekly*, which calls itself the "bible" of the international petroleum industry, reported that Saudi Arabia was sending as many as 150,000 barrels of oil a day to Afghanistan and Pakistan in off-budget foreign aid that had a value of something like \$2 million a day. Furthermore, the United States had known since 1994 that the Saudis were supporting Pakistan's nuclear development program, ultimately contributing upwards of a billion dollars. More recently, because Saudi law does not allow foreign agencies to directly question Saudi citizens, the FBI has not been allowed to interview Saudi suspects, including the families of the fifteen Saudi hijackers, about the 9/11 attacks. For more than a year after September 11 Saudi Arabia refused to provide advance manifests for flights coming into the United States—which could have led to a basic and potentially fatal breach of security. Although there are plenty of possible al Qaeda members awaiting trial, as of this writing there hasn't been a single Saudi arrest related to 9/11—not even of a material witness.

As for the CIA, the Agency let the State Department take the lead and decided simply to ignore Saudi Arabia. The CIA recruited no Saudi diplomats to tell us, for instance, what the religious-affairs sections of Saudi embassies were up to. The CIA's Directorate of Intelligence avoided writing national intelligence estimates—appraisals, drawn from various U.S. intelligence services, about areas of potential crisis—on Saudi Arabia, knowing that such estimates, especially when negative, have a tendency to find their way

onto the front pages of U.S. newspapers, where they might have an undesired effect on public opinion. The CIA's line became the same as State's: There's no need to worry about Saudi Arabia and its oil reserves.

No need to worry, of course, means business as usual—and for decades now that's meant that almost every Washington figure worth mentioning has been involved with companies doing major deals with Saudi Arabia. Spending a lot of money was a tacit part of the U.S.-Saudi relationship practically from the very beginning: the Americans would buy Saudi Arabia's oil and would provide the Saudis with protection and security; the Saudis would buy American weapons, construction services, communications systems, and drilling rigs. In the global-economics game this is known as "recycling," and in this case it worked well: two-way trade between Saudi Arabia and the United States grew from \$56.2 million in 1950 to \$19.3 billion in 2000—an average annual growth rate of nearly 70 percent.

Consider the case of the Carlyle Group—a private investment company, founded in 1987, that almost since its inception has been conducting immensely profitable business with Saudi Arabia. From 1993 to 2002 the chairman of Carlyle was Frank Carlucci, who served first as Ronald Reagan's National Security Adviser and then as his Secretary of Defense. Carlyle's senior counselor is James Baker, who served as Secretary of State under George H.W. Bush—who in his post-presidency also happens to be a Carlyle adviser. Others who hang their hats at Carlyle include Arthur Levitt, the head of the Securities and Exchange Commission under Bill Clinton, and now Carlyle's senior adviser; John Major, a former Prime Minister of Great Britain and the current chairman of Carlyle Europe; William Kennard, who chaired the Federal Communications Commission during the second Clinton Administration; Afsaneh Mashayekhi Beschloss, a former treasurer and chief investment officer of the World Bank; and Richard Darman, who ran the Office of Management and Budget under the first President Bush and also served as deputy secretary of the treasury under Reagan.

Carlyle isn't the only company in this business. Halliburton, run by Dick Cheney between his stints as Secretary of Defense under the first George Bush and Vice President under the second, has been a frequent beneficiary of Saudi money. In late 2001 Halliburton landed a \$140 million contract to develop a new Saudi oil field. For many years Condoleezza Rice, now President Bush's National Security Adviser, served on the board of Chevron, which merged in 2001 with Texaco. The new corporation, Chevron Texaco, is a partner with Saudi Aramco in several ventures and has recently joined forces with Nimir Petroleum to develop oil fields in Kazakhstan. Currently on the board of Chevron Texaco are Carla Hills, who served as the Secretary of Housing and Urban Development under Gerald Ford and as a U.S. trade representative under George H.W. Bush; the former Louisiana senator J. Bennett Johnston, who made a specialty of energy issues while in Congress; and the former Georgia senator Sam Nunn, who served most notably as head of the Senate Armed Services Committee.

Elsewhere, Nicholas Brady, the Secretary of the Treasury under the first President Bush, and Edith Holiday, a former assistant to the first President Bush, serve on the board of

Amerada Hess, which has teamed with some of Saudi Arabia's most powerful royal-family members to exploit the rich oil resources of Azerbaijan. In 1998 Amerada Hess formed a joint venture, Delta Hess, with the Saudi-owned Delta Oil to explore and exploit petroleum resources in Azerbaijan. The Houston-based Frontera Resources Corporation joined the Azerbaijan hunt the same year, teaming with the newly created Delta Hess. Among the members of Frontera's board of advisers: the former Texas senator, former Secretary of the Treasury, and 1988 Democratic vice-presidential candidate Lloyd Bentsen; and John Deutch, a former CIA director.

Just to make sure that no one upsets the workings of this system, perhaps by meddling in internal Saudi affairs, Saudi Arabia now keeps possibly as much as a trillion dollars on deposit in U.S. banks—an agreement worked out in the early eighties by the Reagan Administration, in an effort to get the Saudis to offset U.S. government budget deficits. The Saudis hold another trillion dollars or so in the U.S. stock market. This gives them a remarkable degree of leverage in Washington. If they were suddenly to withdraw all their holdings in this country, the effect, though perhaps not as catastrophic as having a major source of oil shut down, would still be devastating.

The U.S.-Saudi relationship would not be as cozy as it is without there being someone well connected on both sides who can move comfortably between them. That someone is the fifty-four-year-old Prince Bandar. Although he ranks low on the royal bloodline (his father is King Fahd's brother Sultan, the Saudi Defense Minister, but his mother was a house servant), Prince Bandar has been the Saudi ambassador to the United States since 1983. He is the only foreign ambassador to have a security detail assigned to him by the State Department. A daredevil fighter pilot in his younger years, a Muslim with a taste for single-malt Scotch, and an envoy with a perpetually open wallet, Bandar has proved adept at working both the public and the private sides of diplomacy. As the Saudi military attaché to the United States, he scored a stunning coup in 1981 by persuading Congress to approve the sale of AWACS air-defense technology to his country, over the objections of AIPAC, the pro-Israeli Washington lobby. Later, as ambassador, Bandar conveyed the kingdom's thanks by secretly placing \$10 million in a Vatican City bank, as reported last year in *The Washington Post*; the money, deposited at the request of William Casey, then the director of the CIA, was to be used by Italy's Christian Democratic Party in a campaign against Italian Communists. Later still, in June of 1984, Bandar started paying out \$30 million from the royal family so that Lieutenant Colonel Oliver North could buy arms for the Nicaraguan contras.

It is on the personal front, however, where Bandar shines. A visit in the early nineties to the summer home of George H.W. Bush, in Kennebunkport, Maine, earned the prince the affectionate family sobriquet "Bandar Bush." Bandar reciprocated by inviting Bush to hunt pheasant on his estate in England. For good measure he also contributed a million dollars to the construction of the Bush Presidential Library, in College Station, Texas. King Fahd sent another million to Barbara Bush's campaign against illiteracy. (He had donated a million dollars to Nancy Reagan's "Just Say No" campaign against drugs four years earlier.) Bandar was once Colin Powell's racquetball partner.

Press accounts portrayed Bandar as largely on the outside during the Clinton years, passing melancholy weeks at his mountain compound in Aspen, Colorado (more than 50,000 square feet, thirty-two rooms, sixteen bathrooms). If Bandar was less physically present, however, he was his usual useful self. In 1992 he persuaded King Fahd to donate \$20 million to the University of Arkansas's new Center for Middle Eastern Studies, a gesture of respect for the Arkansas governor who had just been elected President. He is said to have played a role in persuading the Libyans, in 1999, to turn over two intelligence operatives suspected in the 1988 bombing of Pan Am Flight 103, over Lockerbie, Scotland. As he reportedly does at the end of every administration, whether he is perceived as friend or foe, Bandar also invited each of the Clinton Cabinet members out to dinner, at a restaurant of their choice, in a private room or a public one, depending on their willingness to be seen with him.

Prince Bandar once told associates that he is very careful to look after U.S. government officials when they return to private life. "If the reputation then builds that the Saudis take care of friends when they leave office," Bandar has observed, according to a source cited in *The Washington Post*, "you'd be surprised how much better friends you have who are just coming into office." Practically every deal with the Saudis eventually becomes hard to trace, lost in some desert sandstorm back near the wellheads where the money sprang from in the first place. Many of Washington's lobbyists, PR firms, and lawyers live off Saudi money. Just about every Washington think tank has taken it. So have the John F. Kennedy Center for the Performing Arts, the Children's National Medical Center, and every presidential library built in the past thirty years.

Bandar hurtled back to prominence after the election of George W. Bush, occupying a spot somewhere between ambassador and permanently enthroned visiting head of state. But after 9/11 he began to experience some difficulty in maintaining a positive Saudi image. In March of last year agents of the Treasury Department raided the northern-Virginia offices of four Saudi-based charities: the SAAR Foundation, the Safa Trust, the International Institute for Islamic Thought (IIIT), and the International Islamic Relief Organization (IIRO). Also raided was the local headquarters for the Muslim World League, an umbrella group funded by the Saudi government. All five organizations are located only a few miles from Bandar's mansion overlooking the Potomac River. The organizations can point to a long list of genuinely humanitarian causes they have aided and supported; but they also have a long list of alarming associations. Testifying before Congress in August of 2002, Matthew Levitt, a senior fellow with the Washington Institute for Near East Policy, noted that Tarik Hamdi, an IIIT employee, had personally provided Osama bin Laden with batteries for his satellite phone—a critical link in the stateless world that bin Laden inhabits. IIIT and the SAAR Foundation are suspected of helping to finance Hamas and the Palestinian Islamic Jihad, the sponsors of some of the most lethal suicide bombers in the Middle East. From 1986 to 1994 Muhammad Jamal Khalifa, a brother-in-law to Osama bin Laden, ran the IIRO's Philippine office, from which he channeled funds to al Qaeda. Only excellent work by the Indian police prevented another IIRO employee, Sayed Abu Nasir, from bombing the U.S. consulates in Calcutta and Madras.

In mid-2002 word leaked to the press that the semi-official Defense Policy Board, chaired by the notorious cold warrior Richard Perle, had sponsored a report declaring Saudi Arabia to be part of the problem of international terrorism rather than part of the solution. Saudi Arabia, the report stated, was "central to the self-destruction of the Arab world and the chief vector of the Arab crisis and its outwardly-directed aggression." It went on to say, "The Saudis are active at every level of the terror chain, from planners to financiers, from cadre to foot-soldier, from ideologist to cheerleader." Within hours Colin Powell was on the phone to the Saudi Foreign Minister, assuring him—and through him, the royal family—that such apostasy was not and never would be the official stance of the Bush Administration. To reinforce the message, President Bush invited Bandar down to the family ranch at Crawford, Texas.

And yet the image problems have continued. In October of 2001, NATO forces raided the offices of the Saudi High Commission for Aid to Bosnia, founded by Prince Salman, and discovered, among other items, photos of the U.S. embassies in Kenya and Tanzania, before and after they were bombed; photos of the World Trade Center and the USS *Cole*; information on the use of crop-duster planes; and materials for forging U.S. State Department badges. His job wasn't made any easier when, in the fall of last year, Bandar found himself having to explain away the fact that about \$130,000 in charitable contributions from his wife, Princess Haifa, might have ended up with two of the 9/11 hijackers.

In the wake of these revelations a U.S. delegation headed by Alan Larson, President Bush's undersecretary of state for economic affairs, traveled to Riyadh last November, ostensibly to prod the Saudis toward increasing the surveillance of their charities and financial networks. But U.S. and Saudi sources say that one of the main reasons for Larson's trip was to ensure that if the United States invaded Iraq, the Saudis would guarantee the flow of extra oil into the world market. The U.S. embrace of the House of Saud was as tight as ever.

Washington's answer for Saudi Arabia—apart from repeating that nothing is wrong—is to suggest that a little democracy will cure everything. Talk the royal family into ceding at least part of its authority; support the reform-minded princes; set up a model parliament; co-opt the firebrands with a cabinet position or two, a minor political party, and some outright bribery; send Jimmy Carter in to monitor the first election; and in a few generations Riyadh will be Ankara, maybe even London. The governmental mechanism may be faulty, the Washington view maintains, but the people who administer the government are for the most part committed to rooting out corruption, rounding up terrorists, and recognizing the right of the people to self-government.

It's utter nonsense, of course. If an election were held in Saudi Arabia today, if anyone who wanted to could run for the office of president, and if people could vote their hearts without fear of having their heads cut off afterward in Chop-Chop Square, Osama bin Laden would be elected in a landslide—not because the Saudi people want to wash their hands in the blood of the dead of September 11, but simply because bin Laden has dared

to do what even the mighty United States of America won't do: stand up to the thieves who rule the country.

Saudi Arabia today is a mess, and it is our mess. We made it the private storage tank for our oil reserves. We reaped the benefits of a steady petroleum supply at a discounted price, and we grabbed at every available Saudi petrodollar. We taught the Saudis exactly what was expected of them. We cannot walk away morally from the consequences of this behavior—and we *really* can't walk away economically. So we crow about democracy and talk about someday weaning ourselves from our dependence on foreign oil, despite the fact that as long as America has been dependent on foreign oil there has never been an honest, sustained effort at the senior governmental level to reduce long-term U.S. petroleum consumption.

Not all the wishing in the world will change the basic reality of the situation.

- * Saudi Arabia controls the largest share of the world's oil and serves as the market regulator for the global petroleum industry.

- * No country consumes more oil, and is more dependent on Saudi oil, than the United States.

- * The United States and the rest of the industrialized world are therefore absolutely dependent on Saudi Arabia's oil reserves, and will be for decades to come.

- * If the Saudi oil spigot is shut off, by terrorism or by political revolution, the effect on the global economy, and particularly on the economy of the United States, will be devastating.

- * Saudi oil is controlled by an increasingly bankrupt, criminal, dysfunctional, and out-of-touch royal family that is hated by the people it rules and by the nations that surround its kingdom.

Signs of impending disaster are everywhere, but the House of Saud has chosen to pray that the moment of reckoning will not come soon—and the United States has chosen to look away. So nothing changes: the royal family continues to exhaust the Saudi treasury, buying more and more arms and funneling more and more "charity" money to the jihadists, all in a desperate and self-destructive effort to protect itself.

The fact is that the West, especially the United States, has left the Saudis little choice. Leading U.S. corporations hire and rehire known Saudi crooks and known financiers of terrorism to represent their interests, so that they can land the deals that will pay the commissions back in Saudi Arabia—commissions that will further erode the budget and thus further divide the ruling class from everyone else. Former CIA directors serve on boards whose members have to hold their noses to cut deals with Saudi companies—because that's business, that's the price of entry, that's the way it's done. Ex-Presidents, former prime ministers, onetime senators and congressmen, and Cabinet members walk

around with their hands out, acting as if they're doing something else but rarely slowing down, because most of them know it's an endgame too. But sometime soon, one way or another, the House of Saud is coming down.